

Massachusetts Electric

A **National Grid** Company



Amy G. Rabinowitz
Counsel

January 14, 2002

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: D.T.E. 01-54 (Phase II)

Dear Secretary Cottrell:

On behalf of Massachusetts Electric Company and Nantucket Electric Company, I am enclosing reply comments in the above-captioned proceeding.

Thank you very much for your time and attention to this matter.

Very truly yours,

Amy G. Rabinowitz

cc: Service list

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**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Competitive Markets Initiatives

D.T.E. 01-54

**REPLY COMMENTS OF
MASSACHUSETTS ELECTRIC COMPANY AND NANTUCKET ELECTRIC
COMPANY ON PHASE II ISSUES**

I. INTRODUCTION

Massachusetts Electric Company and Nantucket Electric Company (collectively “Company” or “Mass. Electric”) submit the following reply comments to the Department in the above-captioned proceeding.

II. CUSTOMER ENROLLMENT ISSUES

A. Initiation of Service

In the initial comments of Dominion Retail, Inc. (“Dominion Retail”), Dominion Retail recommends that the distribution company, not the supplier, send out the confirmation notice to a customer and advise the customer of his or her right to rescission. Dominion Retail Initial Comments, p. 4. While Mass. Electric recognizes that Dominion Retail is offering this suggestion as a safeguard against slamming, Mass. Electric wishes to point out that, nonetheless, it is inconsistent with the Restructuring Act and the Department’s regulations promulgated pursuant to the Restructuring Act. Accordingly, the Department could not implement this suggestion without both legislative and regulatory action.

M.G.L. c. 164, §1F(2) requires the Department to promulgate regulations that include, among other things, “a requirement that all distribution companies, generation companies, aggregators, marketers and suppliers notify their customers in writing of the terms of their agreement to provide service at the time service is initiated.” As generation service is an agreement between a customer and a generation company, aggregator, marketer, or supplier, it is up to those entities to provide the terms of their agreement.

Pursuant to this provision, the Department enacted its Rules Governing the Restructuring of the Electric Industry, 220 C.M.R. 11.00 et seq. . 220 C.M.R 11.06 (3) requires a competitive supplier to prepare a statement entitled “Terms of Service” which sets forth the terms of the supplier’s provision of service to the customer. 220 C.M.R. 11.06(4) requires the competitive supplier to send a customer who is initiating generation service a written confirmation of the customer’s agreement to take generation service, the Terms of Service, and information about the competitive supplier’s resource portfolio, the disclosure label. The customer’s receipt of these documents triggers the customer’s three day rescission period required by 220 C.M.R. 11.05(4)(d).

As a practical matter, Dominion Retail’s suggestion would cause confusion among customers. Customers know which supplier they have chosen and are expecting to receive confirmation or further information from that supplier, not the local distribution company.

B. Usource Proposal

In response to the Department's request for comments on having the distribution companies participate in Internet-based auction processes to assist the movement of default service customers to competitive suppliers, commenters were almost uniformly against making this a requirement. Mass. Electric Initial Comments pp. 2-3, Western Massachusetts Electric Company Initial Comments pp. 2-3, NStar Electric Initial Comments p. 6, Select Energy Initial Comments pp. 1-2, Dominion Retail Initial Comments p. 2, Competitive Suppliers Initial Comments pp. 1-3, Massachusetts Chapter of the National Association of Industrial and Office Properties Initial Comments p. 1-2. The Division of Energy Resources opined that this approach could stimulate market activity, but also raised concerns about the approach. Division of Energy Resources Initial Comments, pp. 2-4. The Attorney General believes that by law, electric distribution companies should not perform the role of electricity broker, and cautions that the only way a distribution company could participate in Internet-based auction processes is as a passive participant providing access to an Internet-based auction on its web site. Attorney General Initial Comments pp. 2-4.

Usource, L.L.C. ("Usource") has submitted to the Department a proposal for a "Department-sponsored partnership between Massachusetts distribution utilities and Usource" through "the use of supply-neutral energy brokerage services." Usource Initial Comments, p. 1. Without commenting on the specifics of Usource's proposal, Mass. Electric urges the Department not to adopt this proposal for all of the reasons

given by the gamut of interested stakeholders in this proceeding: residential and commercial customers groups, suppliers, and, distribution companies.

III. CUSTOMER LIST ISSUES

A. Opt-out Customers

AES New Energy, Inc., Green Mountain Energy Company, National Energy Marketers Association, The NewPower Company, SmartEnergy, Inc., and Strategic Energy Ltd., (together the “Competitive Suppliers”) recommend that the Department require the distribution companies to provide suppliers with two sets of customer lists: 1) a complete new list of all customers that have not chosen to opt-out; and 2) a “scrub” list of customers that were included in the previous version of the list, but have since chosen to opt-out. Competitive Suppliers Initial Comments, p. 8. The Company disagrees with this proposal because of concerns about violating customers’ privacy and administrative burdens.

First of all, if customers tell the Company that they do not wish to have their name released to competitive suppliers, then they do not wish to have their names released to competitive suppliers. They are not necessarily opting out of supplier marketing; they are opting out of the release of their names. Requiring the distribution companies to release their names anyway would subvert the intention of the opt-out procedure.

Secondly, this proposal would give the distribution companies the administrative burden of creating multiple lists. The Company has offered to provide a unique

identification number for each customer. With this identification number, the supplier can compare quarterly lists and match customers appropriately.

B. Delivery Zone Information and Zone Information

The Competitive Suppliers recommend that delivery zone information and node information be made available for all commercial and industrial customers. Competitive Suppliers Initial Comments, pp. 10-11. As noted by the Competitive Suppliers, ISO-New England is reviewing ways to perform the settlement process. Until ISO-New England has completed this review, though, it is premature to add this information to the customer lists. Mass. Electric recommends waiting until the outcome of this review to determine what would be appropriate for the customer lists.

IV. VAN COSTS

In response to the Department's request for comments on using the Internet for the transmission of data between suppliers and distribution companies, Select Energy recommends that parties be directly responsible for the costs of any transmission that they initiate. Select Energy Initial Comments p. 4. The Company notes that distribution companies send the vast majority of information, including monthly billing and historical usage data. Theoretically, the costs of this transmission should not be borne by all ratepayers, but by the ones benefiting from the transmission. The supplier is in a better position to apportion those costs appropriately.

As currently designed, the payment of VAN costs by suppliers is appropriate. Suppliers have the economic incentive to avoid VAN costs by not requesting

information from the distribution company when they do not need it. For example, suppliers may request historical use information from potential customers. While the Company acknowledges that electronic receipt of this data from the distribution company is convenient, especially if many accounts are involved, the Company notes that it is the suppliers who can avoid the VAN charges through other means available to them.

The bigger issue, though, is not whether to reallocate costs, but how to minimize them. As recommended by several parties in their initial comments, the Department should leave this matter to the Electronic Business Transactions Working Group. Division of Energy Resources Initial Comments p. 9, Western Massachusetts Electric Company Initial Comments p. 4, NStar Electric Comments p. 12, Mass. Electric Comments pp. 8-9.

V. CONCLUSION

The Company appreciates this opportunity to submit these reply comments.

Respectfully submitted,

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

By their Attorney,

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Date: January 14, 2002